GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3380
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Exaggerated Growth Rate
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is exaggerating its growth rate as United States of America is also suspecting on this growth rate of 7.5 percent;

(b) whether several other international global rating institutions have also shown their reaction on the growth rate of India; and

(c) if so, the details thereof and the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (c): The "Investment Climate Statements for 2016", brought out by the Bureau of Economic and Business Affairs of the United States, mentioned that depressed investor sentiment suggests that the approximately 7.5 per cent growth rate of India may be overstated. Some agencies also project India's growth in 2016 to be in the vicinity of 7.5 per cent. The global rating agency, CRISIL, has observed that the quality of growth in India is improving and that the policy focus is on improving the trend growth by repairing the system and initiating structural reforms wherever possible. CRISIL expects India's Gross Domestic Product (GDP) to grow by 7.9 per cent in fiscal 2017, as compared to 7.6 per cent in fiscal 2016, assuming normal monsoon and no further deterioration of global situation. However, Moody''s Investors Service has observed that the growth of India's GDP over the next two years will be challenged by lackluster global demand and high leverage in some corporate sectors. Moody''s Investors Service also observed that India's medium-term potential would be supported by the gradual implementation of further targeted policy reforms, improving the business environment, state of infrastructure and productivity growth.
From time to time, research organizations, international organizations and agencies of other governments do bring out analysis of the performance of Indian economy, which Government of India takes note of and useful recommendations, if any, are taken into account for policy-making. The fact that the Gross Foreign Direct Investment inflows were the highest at US Dollar 55.5 billion in 2015-16 indicates positive global investor sentiments towards the Indian economy. The data available for April-May indicates a continuance of robust inflows in 2016-17.

The latest growth numbers are based on the new series of National Accounts Statistics that was introduced after a comprehensive review of both the database and methodology employed in the estimation of various aggregates including GDP, undertaken under the guidance of an expert Advisory Committee on National Accounts. The methodology followed in the collection, compilation and dissemination of the National Accounts Statistics is transparent and is based on, to the extent possible, the recommendations of System of National Accounts 2008 of the United Nations.
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